

**Mega Lifesciences Public Company Limited
and its Subsidiaries**

Interim financial statements
for the three-month and the nine-month periods ended
30 September 2013

and

Independent auditor's report on
review of interim financial information

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Mega Lifesciences Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of Mega Lifesciences Public Company Limited and its subsidiaries, and of Mega Lifesciences Public Company Limited, respectively, as at 30 September 2013; the consolidated and separate statements of comprehensive income for the three-month and nine-month periods ended 30 September 2013, changes in equity and cash flows for the nine-month period ended 30 September 2013; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

Emphasis of Matter

Without qualifying my conclusion, I draw attention to note 3 to the interim financial information describing the effect of the Company and its subsidiaries' adoption from 1 January 2013 of certain new accounting policies. The consolidated and separate statements of financial position as at 31 December 2012, which are included as comparative information, are components of the audited consolidated and separate financial statements as at and for the year ended 31 December 2012 after making the adjustments described in note 3. I have audited these adjustments and, based on my audit, in my opinion, such adjustments are appropriate and have been properly applied. Furthermore, the consolidated and separate statements of comprehensive income for the three-month and nine-month periods ended 30 September 2012, changes in equity and cash flows for the nine-month period ended 30 September 2012, which are included as comparative information, have also been adjusted as described in note 3. I have reviewed these adjustments and, based on my review, nothing has come to my attention to indicate that such adjustments are not appropriate and properly applied.

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
13 November 2013

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 September 2013 (Unaudited)	31 December 2012 (Restated)	30 September 2013 (Unaudited)	31 December 2012 (Restated)
<i>(in thousand Baht)</i>					
Assets					
Current assets					
Cash and cash equivalents		352,074	353,786	27,795	3,465
Trade accounts receivable	4, 5	1,574,030	1,176,554	508,121	509,399
Other receivables	4	173,586	115,652	61,215	7,384
Inventories		1,723,121	1,442,023	479,699	339,644
Advances to suppliers and distributors		68,751	82,379	25,869	24,291
Total current assets		3,891,562	3,170,394	1,102,699	884,183
Non-current assets					
Investment in associate	6	-	-	-	-
Investments in subsidiaries	7	-	-	52,162	52,162
Restricted deposits at financial institutions		10,626	17,601	196	189
Property, plant and equipment	8	921,275	731,847	569,937	394,826
Intangible assets	10	209,504	8,926	188,959	4,042
Deferred tax assets	3, 9	90,232	93,336	14,111	9,166
Prepayment for trademark	10	-	185,399	-	185,399
Other non-current assets		24,480	21,089	15,680	-
Total non-current assets		1,256,117	1,058,198	841,045	645,784
Total assets		5,147,679	4,228,592	1,943,744	1,529,967

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2013 (Unaudited)	31 December 2012 (Restated)	30 September 2013 (Unaudited)	31 December 2012 (Restated)
<i>(in thousand Baht)</i>					
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		1,104,282	771,204	638,332	394,610
Trade accounts payable	4, 11	1,076,285	768,912	161,463	171,800
Other payables	4	177,008	80,870	6,152	34,976
Short-term loan from and interest payable					
to related party	4	-	-	2,591	2,555
Current portion of long-term loans from					
financial institutions		117,154	79,760	97,124	60,456
Current portion of finance lease liabilities		242	503	43	60
Income tax payable		20,985	89,857	575	10,362
Accrued expenses		324,404	300,329	72,209	30,884
Total current liabilities		2,820,360	2,091,435	978,489	705,703
Non-current liabilities					
Long-term loans from financial institutions		392,413	346,526	298,672	242,719
Finance lease liabilities		502	327	214	220
Deferred tax liabilities	3, 9	903	979	-	-
Employee benefit obligations	12	77,359	68,570	41,845	36,885
Other non-current liabilities		2,190	2,157	-	-
Total non-current liabilities		473,367	418,559	340,731	279,824
Total liabilities		3,293,727	2,509,994	1,319,220	985,527
Equity					
Share capital:	13				
Authorised share capital		436,951	67,056	436,951	67,056
Issued and paid-up share capital		367,731	67,056	367,731	67,056
Retained earnings					
Appropriated					
Legal reserve		36,176	13,114	30,783	7,721
Unappropriated		1,622,426	1,752,101	226,010	469,663
Other components of equity		(172,405)	(137,055)	-	-
Equity attributable to owners					
of the Company		1,853,928	1,695,216	624,524	544,440
Non-controlling interests		24	23,382	-	-
Total equity		1,853,952	1,718,598	624,524	544,440
Total liabilities and equity		5,147,679	4,228,592	1,943,744	1,529,967

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

		Consolidated financial statements		Separate financial statements	
		Three-month period ended 30 September		Three-month period ended 30 September	
	Note	2013	2012 (Restated)	2013	2012 (Restated)
		<i>(in thousand Baht)</i>			
Income					
Revenue from sales of goods and rendering of services	14	1,777,144	1,537,326	473,537	364,569
Investment income		85	553	78,995	-
Net foreign exchange gain		4,225	1,673	648	167
Other income		3,854	24,196	2,691	7,538
Total income		1,785,308	1,563,748	555,871	372,274
Expenses					
Cost of sales of goods and rendering of services		1,028,261	872,928	317,072	289,974
Selling expenses		336,040	295,266	66,766	3,578
Administrative expenses		222,380	239,137	57,032	32,549
Finance costs		8,625	6,057	5,497	3,631
Total expenses		1,595,306	1,413,388	446,367	329,732
Profit before income tax expense		190,002	150,360	109,504	42,542
Income tax expense		(36,083)	(21,953)	(801)	(5,944)
Profit for the period	14	153,919	128,407	108,703	36,598
Other comprehensive income					
Foreign currency translation differences for foreign operations		8,121	(29,281)	-	-
Other comprehensive income for the period		8,121	(29,281)	-	-
Total comprehensive income for the period		162,040	99,126	108,703	36,598
Profit attributable to:					
Owners of the Company		153,142	128,143	108,703	36,598
Non-controlling interests		777	264	-	-
Profit for the period		153,919	128,407	108,703	36,598
Total comprehensive income attributable to:					
Owners of the Company		161,191	99,558	108,703	36,598
Non-controlling interests		849	(432)	-	-
Total comprehensive income for the period		162,040	99,126	108,703	36,598
Basic earnings per share (in Baht)	16	0.21	0.18	0.15	0.05

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries
Statement of comprehensive income (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
		Nine-month period ended		Nine-month period ended	
		30 September		30 September	
	<i>Note</i>	2013	2012	2013	2012
			(Restated)		(Restated)
		<i>(in thousand Baht)</i>			
Income					
Revenue from sales of goods and rendering of services	14	5,070,612	4,259,509	1,236,792	972,056
Investment income	7	883	1,674	249,089	93,000
Net foreign exchange gain		14,722	6,816	8,108	555
Other income		17,851	39,981	8,626	12,506
Total income		5,104,068	4,307,980	1,502,615	1,078,117
Expenses					
Cost of sales of goods and rendering of services		2,920,765	2,368,582	813,412	769,079
Selling expenses		975,017	762,618	136,787	16,440
Administrative expenses		645,339	647,258	168,348	97,172
Finance costs		23,576	17,466	14,790	9,975
Total expenses		4,564,697	3,795,924	1,133,337	892,666
Profit before income tax expense		539,371	512,056	369,278	185,451
Income tax expense	15	(90,937)	(79,299)	(7,563)	(18,499)
Profit for the period	14	448,434	432,757	361,715	166,952
Other comprehensive income					
Foreign currency translation differences for foreign operations		(31,430)	(34,893)	-	-
Other comprehensive income for the period		(31,430)	(34,893)	-	-
Total comprehensive income for the period		417,004	397,864	361,715	166,952
Profit attributable to:					
Owners of the Company		446,822	431,694	361,715	166,952
Non-controlling interests		1,612	1,063	-	-
Profit for the period		448,434	432,757	361,715	166,952
Total comprehensive income attributable to:					
Owners of the Company		419,037	398,892	361,715	166,952
Non-controlling interests		(2,033)	(1,028)	-	-
Total comprehensive income for the period		417,004	397,864	361,715	166,952
Basic earnings per share (in Baht)	16	0.61	0.59	0.50	0.23

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Consolidated financial statements								
	Note	Retained earnings			Other component of equity		Equity attributable to owners of the Company	Non-controlling interests	Total equity
		Issued and paid-up share capital	Legal reserve	Unappropriated	Currency translation differences	Total other components of equity			
<i>(in thousand Baht)</i>									
Nine-month period ended 30 September 2012									
Balance at 1 January 2012 - as reported		67,056	13,114	1,248,991	(95,539)	(95,539)	1,233,622	22,648	1,256,270
Impact of change in accounting policy	3	-	-	61,451	-	-	61,451	-	61,451
Balance at 1 January 2012 - restated		67,056	13,114	1,310,442	(95,539)	(95,539)	1,295,073	22,648	1,317,721
Transactions with owners, recorded directly in equity									
Dividends to owners of the Company	17	-	-	(97,908)	-	-	(97,908)	-	(97,908)
Total transactions with owners, recorded directly in equity		-	-	(97,908)	-	-	(97,908)	-	(97,908)
Comprehensive income for the period									
Profit (restated)		-	-	431,694	-	-	431,694	1,063	432,757
Foreign currency translation differences		-	-	-	(32,802)	(32,802)	(32,802)	(2,091)	(34,893)
Total comprehensive income for the period		-	-	431,694	(32,802)	(32,802)	398,892	(1,028)	397,864
Balance at 30 September 2012		67,056	13,114	1,644,228	(128,341)	(128,341)	1,596,057	21,620	1,617,677

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Consolidated financial statements									
	Note	Retained earnings			Other component of equity			Non-controlling interests	Total equity	
		Issued and paid-up share capital	Legal reserve	Unappropriated	Currency translation differences	Total other components of equity	Equity attributable to owners of the Company			
<i>(in thousand Baht)</i>										
Nine-month period ended 30 September 2013										
Balance at 1 January 2013 - as reported		67,056	13,114	1,659,744	(137,055)	(137,055)	1,602,859	23,382	1,626,241	
Impact of change in accounting policy	3	-	-	92,357	-	-	92,357	-	92,357	
Balance at 1 January 2013 - restated		67,056	13,114	1,752,101	(137,055)	(137,055)	1,695,216	23,382	1,718,598	
Transactions with owners, recorded directly in equity										
<i>Contributions by and distributions to owners of the Company</i>										
Issue of ordinary shares	13	675	-	-	-	-	675	-	675	
Issue of ordinary shares for stock dividends	13, 17	300,000	-	(300,000)	-	-	-	-	-	
Dividends to owners of the Company	17	-	-	(282,325)	-	-	(282,325)	-	(282,325)	
Total contributions by and distributions to owners of the Company		300,675	-	(582,325)	-	-	(281,650)	-	(281,650)	
<i>Changes in ownership interests in subsidiaries</i>										
Acquisition of non-controlling interests without a change in control	7	-	-	28,890	(7,565)	(7,565)	21,325	(21,325)	-	
Total changes in ownership interests in subsidiaries		-	-	28,890	(7,565)	(7,565)	21,325	(21,325)	-	
Total transactions with owners, recorded directly in equity										
Comprehensive income for the period										
Profit		-	-	446,822	-	-	446,822	1,612	448,434	
Foreign currency translation differences		-	-	-	(27,785)	(27,785)	(27,785)	(3,645)	(31,430)	
Total comprehensive income for the period		-	-	446,822	(27,785)	(27,785)	419,037	(2,033)	417,004	
Transfer to legal reserve		-	23,062	(23,062)	-	-	-	-	-	
Balance at 30 September 2013		367,731	36,176	1,622,426	(172,405)	(172,405)	1,853,928	24	1,853,952	

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Note	Separate financial statements			Total equity
		Issued and paid-up share capital	Legal reserve	Retained earnings Unappropriated	
<i>(in thousand Baht)</i>					
Nine-month period ended 30 September 2012					
Balance at 1 January 2012 - as reported		67,056	7,721	322,879	397,656
Impact of change in accounting policy	3	-	-	6,324	6,324
Balance at 1 January 2012 - restated		67,056	7,721	329,203	403,980
Transactions with owners, recorded directly in equity					
Dividends to owners of the Company	17	-	-	(97,902)	(97,902)
Total transactions with owners, recorded directly in equity		-	-	(97,902)	(97,902)
Comprehensive income for the period					
Profit (restated)		-	-	166,952	166,952
Total comprehensive income for the period		-	-	166,952	166,952
Balance at 30 September 2012		67,056	7,721	398,253	473,030

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Note	Issued and paid-up share capital	Separate financial statements		Total equity
			Legal reserve	Retained earnings Unappropriated	
<i>(in thousand Baht)</i>					
Nine-month period ended 30 September 2013					
Balance at 1 January 2013 - as reported		67,056	7,721	460,497	535,274
Impact of change in accounting policy	3	-	-	9,166	9,166
Balance at 1 January 2013 - restated		67,056	7,721	469,663	544,440
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	13	675	-	-	675
Issue of ordinary shares for stock dividends	13, 17	300,000	-	(300,000)	-
Dividends to owners of the Company	17	-	-	(282,306)	(282,306)
Total transactions with owners, recorded directly in equity		300,675	-	(582,306)	(281,631)
Comprehensive income for the period					
Profit		-	-	361,715	361,715
Total comprehensive income for the period		-	-	361,715	361,715
Transfer to legal reserve		-	23,062	(23,062)	-
Balance at 30 September 2013		367,731	30,783	226,010	624,524

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2013	2012	2013	2012
		(Restated)		(Restated)
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	448,434	432,757	361,715	166,952
<i>Adjustments for</i>				
Depreciation	69,466	56,046	32,879	29,609
Amortisation of intangible assets	2,244	1,675	617	615
Allowance (reversal) on decline in value of inventories	4,701	2,441	(2,980)	290
Investment income	(883)	(1,674)	(249,089)	(93,000)
Finance costs	23,576	17,466	14,790	9,975
Allowance for doubtful accounts	2,355	2,380	-	-
Unrealised (gain) loss on exchange rate	(31,156)	17,134	(12,265)	(908)
Gain on disposal of property, plant and equipment	(1,102)	(115)	-	-
Employee benefit obligations	10,253	9,685	5,026	4,325
Income tax expense	90,937	79,299	7,563	18,499
	<u>618,825</u>	<u>617,094</u>	<u>158,256</u>	<u>136,357</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(235,193)	58,132	7,746	(71,661)
Other receivables	(57,237)	(45,198)	(53,747)	6,244
Inventories	(284,359)	(578,304)	(137,076)	(106,916)
Advances to suppliers and distributors	3,679	29,754	(1,577)	3,986
Restricted deposits at financial institutions	7,148	-	(7)	-
Other non-current assets	(5,030)	(14,645)	(15,680)	-
Trade accounts payable	286,626	157,622	(10,243)	(29,534)
Other payables	(6,589)	9,534	(28,331)	57,235
Accrued expenses	16,948	39,363	41,195	11,071
Employee benefit obligations paid	(498)	(6,504)	(66)	(53)
Cash generated from (used in) operating activities	<u>344,320</u>	<u>266,848</u>	<u>(39,530)</u>	<u>6,729</u>
Income tax paid	<u>(155,221)</u>	<u>(116,034)</u>	<u>(22,294)</u>	<u>(27,015)</u>
Net cash from (used in) operating activities	<u>189,099</u>	<u>150,814</u>	<u>(61,824)</u>	<u>(20,286)</u>

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
Note	2013	2012	2013	2012
		(Restated)		(Restated)
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	846	1,630	7	-
Dividend received	-	-	249,082	93,000
Purchase of property, plant and equipment	(285,079)	(314,555)	(207,990)	(106,072)
Purchase of intangible assets	(18,021)	(4,807)	(135)	-
Sale of equipment	1,310	570	-	-
Net cash from (used in) investing activities	(300,944)	(317,162)	40,964	(13,072)
<i>Cash flows from financing activities</i>				
Finance costs paid	(23,625)	(17,050)	(14,659)	(9,801)
Dividends paid	(282,325)	(97,908)	(282,306)	(97,902)
Finance lease payments	(642)	(1,159)	(23)	(95)
Increase in bank overdrafts and short-term loans from financial institutions	337,086	118,992	253,163	70,372
Proceeds from long-term borrowings	121,382	195,699	121,382	85,190
Repayment of borrowings	(45,335)	(15,885)	(33,042)	(15,885)
Proceeds from issue of ordinary shares	675	-	675	-
Net cash from financing activities	107,216	182,689	45,190	31,879
Net increase (decrease) in cash and cash equivalents				
	(4,629)	16,341	24,330	(1,479)
Cash and cash equivalents at 1 January	353,786	329,973	3,465	3,518
Effect of exchange rate changes on balances held in foreign currency	2,917	(8,785)	-	-
Cash and cash equivalents at 30 September	352,074	337,529	27,795	2,039
<i>Non-cash transactions</i>				
Issue shares for dividends payment	13, 17	300,000	-	300,000

The accompanying notes are an integral part of these financial statements.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2013 (Unaudited)

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Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2013 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language statutory interim financial statements, and were approved and authorised for issue by the Board of Directors on 13 November 2013.

1 General information

Mega Lifesciences Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at No. 384, Moo 4, Bangpoo Industrial Estate, Praksa, Muang - Samutprakarn, Samutprakarn, Thailand.

The Company has representative offices in Vietnam, Uganda and representative offices under Mega Lifesciences PTY Ltd., a subsidiary, in Sri Lanka, Vietnam, Myanmar, Indonesia, Uzbekistan, Ukraine, Malaysia, Philippines, Kenya, India, Russia, Kazakhstan and Ghana.

The immediate and ultimate holding company during the financial period was Unistretch Limited, which is incorporated in Thailand.

On 14 March 2013, the Company registered under the provisions of Public Limited Companies Act with the Department of Business Development, Ministry of Commerce and changed its name to Mega Lifesciences Public Company Limited.

The principal activities of the Group are the manufacture and sale through independent distributors of health food supplements, branded prescription pharmaceutical products, over-the-counter products, herbal products, vitamins and fast moving consumer goods as well as the provision of distribution services relating to such products.

Currently, the Group is a leading distributor in developing countries with high growth trends such as Myanmar, Vietnam, and Cambodia. Details of the Company’s associate and subsidiaries as at 30 September 2013 are given in notes 4, 6 and 7.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2009) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP).

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2012. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2012.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2013 (Unaudited)

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, as at 30 September 2013 the FAP had issued a number of new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these interim financial statements. Those new and revised TFRS are disclosed in note 20.

Except for the changes in accounting policies discussed in note 3, the accounting policies and methods of computation applied in these interim financial statements for the three-month and nine-month periods ended 30 September 2013 and 2012 are consistent with those applied in the financial statements for the year ended 31 December 2012.

(b) *Functional and presentation currency*

The interim financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) *Use of estimates and judgements*

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2012.

(d) *Update the Group's accounting policy*

Trademarks

Trademarks are classified under intangible assets. Trademarks that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives. Trademarks that have infinite useful lives are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

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3 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

(b) Accounting for income tax

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

	Consolidated financial statements			Separate financial statements		
	30 September 2013	31 December 2012	1 January 2012	30 September 2013	31 December 2012	1 January 2012
<i>Statement of financial position as at</i>						
	<i>(in thousand Baht)</i>					
Increase in deferred tax assets	90,232	93,336	62,831	14,111	9,166	6,324
Increase in deferred tax liabilities	(903)	(979)	(1,380)	-	-	-
Increase in retained earnings	89,329	92,357	61,451	14,111	9,166	6,324

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Statement of comprehensive income for the three-month period ended 30 September</i>				
	<i>(in thousand Baht)</i>			
(Increase) decrease in income tax expense	(6,352)	6,345	2,706	276
Increase (decrease) in profit for the period	(6,352)	6,345	2,706	276
Increase (decrease) in earnings per share				
- Basic earnings per share <i>(in Baht)</i>	(0.01)	0.01	0.00	0.00

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Statement of comprehensive income for the nine-month period ended 30 September</i>				
	<i>(in thousand Baht)</i>			
(Increase) decrease in income tax expense	(3,029)	18,354	4,945	760
Increase (decrease) in profit for the period	(3,029)	18,354	4,945	760
Increase (decrease) in earnings per share				
- Basic earnings per share <i>(in Baht)</i>	(0.00)	0.03	0.01	0.00

(c) Accounting for the effects of changes in foreign exchange rates

Beginning 1 January 2013, the Group adopted TAS 21 - Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

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(d) Presentation of information on operating segments

Beginning 1 January 2013, the Group adopted TFRS 8 - Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the 2012 financial statements, which are included in the Group's 2013 interim financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associate entities are described in notes 6 and 7. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Unistretch Limited	Thailand	Ultimate parent of the Group
Al-Mayoni For Trading Services Ltd.	Yemen	Common shareholders
Ambika Tours Agency Limited	Thailand	Common shareholders
InsurExcellence Insurance Brokers Ltd.	Thailand	Common shareholders
Linaria Chemical (Thailand) Limited	Thailand	Common shareholders
Mechai Pattana School	Thailand	Common Chairman
SS-KS International (Canada) Inc.	Canada	Common Director
Rupin International (Canada) Inc.	Canada	Common Director
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods and rendering of service	Market price minus margin
Purchase of goods and raw materials	Cost plus margin
Interest income and interest expense	Agreed rates stipulated in the agreements
Other income and other expenses	Contractually agreed prices

Significant transactions for the three-month and nine-month periods ended 30 September 2013 and 2012 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Three-month period ended 30 September</i>				
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sale of goods and rendering of service	-	-	228,469	301,704
Purchase of goods or receiving of service	-	-	4,504	10,245
Interest expense	-	-	12	14
Other income	-	-	61	123
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	30,153	34,051	9,969	6,547
Post-employment benefits	259	523	159	426
Total key management personnel Compensation	30,412	34,574	10,128	6,973
Directors' remuneration	1,360	-	1,360	-
Other related parties				
Sale of goods	10,182	8,949	10,182	8,949
Purchase of goods or receiving of services	6,130	11,440	1,018	1,989
Commission income	362	434	-	-
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Nine-month period ended 30 September</i>				
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sale of goods and rendering of service	-	-	679,113	759,103
Purchase of goods or receiving of service	-	-	11,062	18,740
Commission expense	-	-	-	4,420
Interest expense	-	-	37	42
Other income	-	-	334	333
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	74,713	96,140	17,804	21,365
Post-employment benefits	876	1,569	575	1,278
Total key management personnel Compensation	75,589	97,709	18,379	22,643

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<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Directors' remuneration	4,080	-	4,080	-
Other related parties				
Sale of goods	30,835	28,283	30,835	28,283
Purchase of goods or receiving of services	24,971	41,233	6,617	5,827
Commission income	1,170	984	-	-

Balances as at 30 September 2013 and 31 December 2012 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Trade accounts receivable - related parties				
Subsidiaries	-	-	268,318	398,117
Other related parties	54,275	37,802	54,275	37,802
Total	54,275	37,802	322,593	435,919

Other receivables - related parties				
Subsidiaries	-	-	22,675	92
Other related parties	2,110	414	1,305	-
Total	2,110	414	23,980	92

Trade accounts payable - related parties				
Subsidiaries	-	-	7,309	30,745
Other related parties	3,738	5,252	-	-
Total	3,738	5,252	7,309	30,745

Other payables - related parties				
Subsidiaries	-	-	-	25,339
Other related parties	320	643	-	-
Total	320	643	-	25,339

<i>Loan from and interest payable to related party</i>	Interest rate		Consolidated financial statements		Separate financial statements	
			30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loan						
Subsidiary	2.00	2.00-2.35	-	-	2,591	2,555
Short-term loan from related party			-	-	2,591	2,555

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Movements during the nine-month periods ended 30 September 2013 and 2012 of loan from related party were as follows:

<i>Loan from and interest payable to related party</i> <i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Short-term loan				
Subsidiary				
At 1 January	-	-	2,555	2,549
Increase	-	-	36	42
At 30 September	-	-	2,591	2,591

Significant agreements with related parties

As at 30 September 2013 the Group had the following significant agreements with related parties.

Supply agreement

The Company has a supply agreement with Mega Lifesciences (Australia) Pty. Limited, a subsidiary, whereby the Company agrees to manufacture and supply the product as per required specification and as per Good Manufacturing Practice (GMP). This agreement is effective on the agreement date and can be terminated by either party giving at least 30 days notice in writing to the other party.

5 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 September 2013	31 December 2012	30 September 2013	31 December 2012
		<i>(in thousand Baht)</i>			
Related parties	4	54,275	37,802	322,593	435,919
Other parties		1,529,837	1,160,384	185,528	74,636
Total		1,584,112	1,198,186	508,121	510,555
Less allowance for doubtful accounts		(10,082)	(21,632)	-	(1,156)
Net		1,574,030	1,176,554	508,121	509,399
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the nine-month period ended 30 September		2,355	2,380	-	-

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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	19,659	16,578	266,217	406,213
Overdue:				
Less than 3 months	12,349	9,330	21,151	13,991
3 - 6 months	8,008	9,673	12,996	13,494
6 - 12 months	14,259	2,221	22,229	2,221
Over 12 months	-	-	-	-
	<u>54,275</u>	<u>37,802</u>	<u>322,593</u>	<u>435,919</u>
Other parties				
Within credit terms	863,888	561,919	184,681	12,087
Overdue:				
Less than 3 months	466,953	481,762	513	57,047
3 - 6 months	142,776	75,082	334	4,318
6 - 12 months	45,136	19,646	-	-
Over 12 months	11,084	21,975	-	1,184
	<u>1,529,837</u>	<u>1,160,384</u>	<u>185,528</u>	<u>74,636</u>
<i>Less allowance for doubtful accounts</i>	<u>(10,082)</u>	<u>(21,632)</u>	<u>-</u>	<u>(1,156)</u>
	<u>1,519,755</u>	<u>1,138,752</u>	<u>185,528</u>	<u>73,480</u>
Net	<u>1,574,030</u>	<u>1,176,554</u>	<u>508,121</u>	<u>509,399</u>

The normal credit period granted by the Group ranges from 30 days to 240 days.

The aging is commenced by counting the age of trade accounts receivable from the day the Group sells products and issues an invoice to the local importers or distributors. However, revenue is not recognised until such local importers or distributors complete the sale of products to the end consumers. Consequently, there is a time lag between when the aging is commenced and when the sale is recorded in sales. This results in an apparent high level of overdue trade accounts receivable.

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6 Investment in associate

Investment in associate as at 30 September 2013 and 31 December 2012 were as follows:

Consolidated financial statements										
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		
		30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	
		(%)				(in thousand Baht)				
<i>Indirect associate</i>										
Mega Product (Yemen) Limited	Distribution and marketing	Yemen	48.99	48.99	2,476	2,476	1,213	1,213	-	-
Total						1,213	1,213	-	-	

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7 Investments in subsidiaries

	Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	52,162	52,162
At 30 September	52,162	52,162
At 31 December		52,162

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Investments in subsidiaries as at 30 September 2013 and 31 December 2012 and dividend income from those investments for the nine-month periods ended 30 September 2013 and 2012 were as follows:

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost		Dividend income	
			30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	30 September 2012
			(%)				(in thousand Baht)			
Direct subsidiaries										
Mega Lifesciences PTY Ltd.	Branded products and distribution business	Thailand	99.99	99.99	50,000	50,000	49,996	49,996	249,082	93,000
Natural Health Foods Ltd.	Branded products business	Thailand	99.99	99.99	20,000	2,000	1,996	1,996	-	-
Mega We Care Ltd.	Branded products business	Thailand	99.96	99.96	170	170	170	170	-	-
Total							52,162	52,162	249,082	93,000
Indirect subsidiaries (investments through Mega Lifesciences PTY Ltd.)										
Mega Lifesciences (Australia) Pty. Limited	Branded and OEM products business	Australia	99.99	99.99	398,007	398,007	398,007	398,007	-	-
Mega Lifesciences (Vietnam) Limited	Branded products and distribution business	Vietnam	99.99	99.99	63,004	63,004	63,004	63,004	-	-
Mega Lifesciences Sdn.Bhd	Branded products business	Malaysia	99.99	99.99	17,214	17,214	17,214	17,214	-	-
PT Mega Lifesciences	Branded products business	Indonesia	98.99	98.99	15,163	15,163	15,012	15,012	-	-
Mega Lifesciences PTY Limited	Branded products and distribution business	Cambodia	99.99	99.99	15,281	15,281	15,281	15,281	-	-
Mega Lifesciences Nigeria Limited	Branded products and distribution business	Nigeria	99.99	99.99	14,885	14,885	14,885	14,885	-	-
Mega Lifesciences Ghana Limited	Branded products business	Ghana	99.99	99.99	9,469	9,469	9,469	9,469	-	-
Mega Lifesciences Private Limited	Branded products business	India	99.99	99.99	4,777	4,777	4,777	4,777	-	-
Mega Lifesciences Limited*	Distribution business	Myanmar	99.99	89.99	2,534	2,534	2,534	2,280	-	-

*During the period, Mega Lifesciences PTY Ltd. purchased the remaining of shares of 10% from the management and the shares transfer was complete on 9 July 2013.

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	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost		Dividend income	
			30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	30 September 2012
			(%)				<i>(in thousand Baht)</i>			
E-Sense Limited	Software design, development and other services business	Thailand	99.96	99.96	500	500	499	499	-	-
Mega Products (Mauritius) Limited	Distribution business	Mauritius	99.99	99.99	410	410	410	410	184,388	91,610
Mega Lifesciences Pte. Ltd.	Distribution business	Singapore	99.99	99.99	156	156	156	156	-	-
Mega Lifesciences PTY Peru S.A.C.	Branded products business	Peru	99.99	99.99	100	100	99	99	-	-
Mayfield International Limited	Distribution business	United Kingdom	-	99.99	-	61	-	61	-	-
Total							<u>541,347</u>	<u>541,154</u>	<u>184,388</u>	<u>91,610</u>

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8 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month periods ended 30 September 2013 and 2012 were as follows:

<i>Nine-month period ended 30 September</i>	Consolidated financial statements			
	2013		2012	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Land	-	-	46,778	-
Land improvements	17	-	-	-
Building and building improvements	125,395	-	184	-
Leasehold improvements	4,924	1,661	771	4,453
Machinery and equipment	123,343	-	45,839	7
Furniture, fixtures and office equipment	14,572	961	36,997	235
Vehicles	16,035	142	15,572	219
Assets under construction	203,625	202,832	174,292	5,878
Exchange differences	(28,773)	-	(5,135)	-
Total	459,138	205,596	315,298	10,792

<i>Nine-month period ended 30 September</i>	Separate financial statements			
	2013		2012	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Land improvements	17	-	-	-
Building and building improvements	126	-	-	-
Machinery and equipment	45,717	-	43,474	-
Furniture, fixtures and office equipment	1,782	-	1,926	-
Vehicles	1,050	-	69	-
Assets under construction	203,625	44,327	66,481	5,878
Total	252,317	44,327	111,950	5,878

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	Consolidated financial statements			
	At 1 January 2012	(Charged) / Credited to: profit or loss	Exchange differences	At 30 September 2012
	<i>(in thousand Baht)</i>			
<i>Deferred tax assets</i>				
Accounts receivable	126,062	92,101	(26)	218,137
Inventories	444	508	-	952
Provisions	13,087	726	3	13,816
Loss carry forward	17,163	(3,136)	19	14,046
Total	156,756	90,199	(4)	246,951
<i>Deferred tax liabilities</i>				
Inventories	92,404	71,515	-	163,919
Property, plant and equipment	1,952	(331)	(90)	1,531
Export incentive receivable	949	746	-	1,695
Total	95,305	71,930	(90)	167,145
Net	61,451	18,269	86	79,806

	Separate financial statements		
	At 1 January 2013	(Charged) / Credited to : profit or loss	At 30 September 2013
	<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>			
Accounts receivable	4,991	10,351	15,342
Inventories	1,077	(596)	481
Provisions	7,377	(56)	7,321
Total	13,445	9,699	23,144
<i>Deferred tax liabilities</i>			
Inventories	3,919	4,419	8,338
Export incentive receivable	360	335	695
Total	4,279	4,754	9,033
Net	9,166	4,945	14,111

	Separate financial statements		
	At 1 January 2012	(Charged) / Credited to: profit or loss	At 30 September 2012
	<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>			
Inventories	261	58	319
Provisions	6,303	854	7,157
Total	6,564	912	7,476
<i>Deferred tax liabilities</i>			
Export incentive receivable	240	153	393
Total	240	153	393
Net	6,324	759	7,083

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10 Intangible assets

On 12 December 2012, the Company entered into various agreements with DHG Pharmaceutical Joint Stock Company of Vietnam to purchase the trademarks, intellectual property rights and regulatory documentation related to products manufactured and sold under the Eugica brand in Vietnam for a consideration of USD 6 million. On the above date, the Company accounted for the transaction as prepayment for trademarks. On 9 July 2013, when the acquired assets were transferred to the Company, the asset was then reclassified to trademarks.

11 Trade accounts payable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 September 2013	31 December 2012	30 September 2013	31 December 2012
		<i>(in thousand Baht)</i>			
Related parties	4	3,738	5,252	7,309	30,745
Other parties		1,072,547	763,660	154,154	141,055
Total		1,076,285	768,912	161,463	171,800

12 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	77,359	68,570	41,845	36,885
Total	77,359	68,570	41,845	36,885

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Three-month period ended 30 September</i>	<i>(in thousand Baht)</i>			
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	3,526	4,222	1,675	1,443
Exchange differences	125	(25)	-	-
Total	3,651	4,197	1,675	1,443

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Nine-month period ended 30 September</i>	<i>(in thousand Baht)</i>			
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	10,253	9,685	5,026	4,325
Exchange differences	(966)	(55)	-	-
Total	9,287	9,630	5,026	4,325

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Retirement benefit

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligations was determined as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	77,359	68,570	41,845	36,885
Statement of financial position obligations	77,359	68,570	41,845	36,885

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
<i>Nine-month period ended 30 September</i>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	68,570	64,913	36,885	31,513
Benefits paid by the plan	(498)	(6,504)	(66)	(53)
Current service costs and interest	10,253	9,685	5,026	4,325
Exchange differences	(966)	(55)	-	-
Defined benefit obligations at 30 September	77,359	68,039	41,845	35,785

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
<i>Three-month period ended 30 September</i>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current service costs	3,028	3,805	1,314	1,138
Interest on obligation	498	417	361	305
Exchange differences	125	(25)	-	-
Total	3,651	4,197	1,675	1,443
<i>Nine-month period ended 30 September</i>				
Current service costs	8,756	8,428	3,943	3,405
Interest on obligation	1,497	1,257	1,083	920
Exchange differences	(966)	(55)	-	-
Total	9,287	9,630	5,026	4,325

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The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Three-month period ended 30 September</i>	<i>(in thousand Baht)</i>			
Cost of sales and rendering of service	1,586	3,007	1,024	874
Selling expenses	365	317	-	-
Administrative expenses	1,575	898	651	569
Exchange differences	125	(25)	-	-
Total	3,651	4,197	1,675	1,443
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Nine-month period ended 30 September</i>	<i>(in thousand Baht)</i>			
Cost of sales and rendering of service	4,247	4,751	3,073	2,617
Selling expenses	1,186	1,030	-	-
Administrative expenses	4,820	3,904	1,953	1,708
Exchange differences	(966)	(55)	-	-
Total	9,287	9,630	5,026	4,325

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	(%)			
Discount rate	3.92 - 4.28	3.92 - 4.28	3.92	3.92
Future salary increases	1.50 - 7.00	1.50 - 7.00	7.00	7.00

Assumptions regarding future mortality are based on published statistics and mortality tables.

13 Share capital

	2013		2012	
	Number	Baht	Number	Baht
<i>Nine-month period ended 30 September</i>	<i>(in Baht)</i>			
	<i>(thousand shares / thousand Baht)</i>			
Authorised				
At 1 January				
- ordinary shares	10	67,056	6,706	67,056
Increase of new shares	10	67	-	-
Increase of new shares for stock dividends	10	30,000	-	-
		<u>36,773</u>		
Share split - from Baht 10 to Baht 0.5	0.5	735,462	-	-
Increase of new shares for employee warrants	0.5	8,652	-	-
Increase of new shares for IPO	0.5	129,788	-	-
At 30 September				
- ordinary shares	10	-	6,706	67,056
- ordinary shares	0.5	<u>873,902</u>	-	-
		<u>436,951</u>		

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<i>Nine-month period ended 30 September</i>	Par value per share (in Baht)	2013		2012	
		Number (thousand shares)	Baht (thousand Baht)	Number	Baht
Issued and paid-up					
At 1 January					
- ordinary shares	10	6,706	67,056	6,706	67,056
Increase of new shares	10	67	675	-	-
Increase of new shares for stock dividends	10	30,000	300,000	-	-
		<u>36,773</u>			
Share split - from Baht 10 to Baht 0.5	0.5	<u>735,462</u>	-	-	-
At 30 September					
- ordinary shares	10	-	-	6,706	67,056
- ordinary shares	0.5	<u>735,462</u>	<u>367,731</u>	<u>-</u>	<u>-</u>

At the Extraordinary General Meeting of Shareholders No.2/2013 held on 7 June 2013, the shareholders passed a resolution to approve the follows;

- A) Approved to increase and allocate the authorised shares to 30,067,480 shares with a par value of Baht 10 per share to existing shareholders, pursuant to the issuance of stock dividends of 30,000,000 shares and the issuance of ordinary shares to the existing shareholders of 67,480 shares.
- B) Approved to decrease the par value of the ordinary shares from Baht 10 per share to Baht 0.50 per share which resulted to the increase in ordinary shares from 36,773,099 shares to 735,461,980 shares.
- C) Approved the issuance and offering of warrants in total of 8,652,494 units to the Company's employees based upon the contemplated conditions.
- D) Approved to increase newly authorised ordinary shares of 129,787,408 shares with a par value of Baht 0.50 per share to the public (Initial Public Offering).
- E) Approved to increase newly authorised ordinary shares of 8,652,494 shares with a par value of Baht 0.50 per share to reserve for warrants to certain employees embodying the right to purchase shares of the Company.

The Company registered the increase in shares with the Department of Business Development, the Ministry of Commerce on 17 July 2013, and the total authorised capital is Baht 436,950,941 comprising of 873,901,882 shares with a par value of Baht 0.50 per share.

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14 Segment information

The Group comprises the following segment information:

Segment 1	Brands
Segment 2	Distribution
Segment 3	OEM (“Original Equipment Manufacturer”)

“Brands” represents a business segment in which goods are manufactured and sold under brands owned by the Group.

“Distribution” represents a service business segment in which the Group provides logistical and marketing services for goods trading purpose and sale of goods manufactured by third parties.

“OEM” represents a business segment in which goods are manufactured for third parties under brands not owned by the Group.

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Information about reportable segments:

<i>Three-month period ended 30 September</i>	Brands		Distribution		OEM		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>							
External revenue	893,476	733,999	766,411	683,038	117,257	120,289	1,777,144	1,537,326
Inter-segment revenue	(34,438)	(29,254)	34,438	29,254	-	-	-	-
Other income	284	12,758	367	2,839	178	83	829	15,680
Total segment revenue	859,322	717,503	801,216	715,131	117,435	120,372	1,777,973	1,553,006
Segment profit before income tax	167,374	126,168	55,399	55,767	19,587	24,829	242,360	206,764
	<i>(in thousand Baht)</i>							
<i>Nine-month period ended 30 September</i>	Brands		Distribution		OEM		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
External revenue	2,537,909	2,006,414	2,186,115	1,895,641	346,588	357,454	5,070,612	4,259,509
Inter-segment revenue	(92,807)	(80,859)	92,807	80,859	-	-	-	-
Other income	4,908	22,681	2,306	2,553	457	440	7,671	25,674
Total segment revenue	2,450,010	1,948,236	2,281,228	1,979,053	347,045	357,894	5,078,283	4,285,183
Segment profit before income tax	463,120	373,611	187,058	225,885	39,608	61,851	689,786	661,347
Segment assets as at 30 September /31 December	1,786,188	2,176,264	1,511,659	1,605,201	184,703	432,253	3,482,550	4,213,718

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Reconciliation of reportable segment profit or loss and assets

Three-month period ended 30 September

2013 2012
(in thousand Baht)

Profit or loss

Total profit for reportable segments	<u>242,360</u>	<u>206,764</u>
Unallocated amounts:		
Other corporate expenses	(22,712)	(38,227)
Depreciation and amortisation	(24,131)	(21,190)
Finance costs	(8,625)	(6,057)
Interest income	85	553
Other income	3,025	8,517
Income tax expenses	<u>(36,083)</u>	<u>(21,953)</u>
Consolidated profit	<u>153,919</u>	<u>128,407</u>

Nine-month period ended 30 September

2013 2012
(in thousand Baht)

Profit or loss

Total profit for reportable segments	<u>689,786</u>	<u>661,347</u>
Unallocated amounts:		
Other corporate expenses	(66,192)	(90,086)
Depreciation and amortisation	(71,710)	(57,721)
Finance costs	(23,576)	(17,466)
Interest income	883	1,674
Other income	10,180	14,308
Income tax expenses	<u>(90,937)</u>	<u>(79,299)</u>
Consolidated profit	<u>448,434</u>	<u>432,757</u>

30 September 31 December
2013 2012
(in thousand Baht)

Assets

Total assets for reportable segments	3,482,550	4,213,718
Other unallocated amounts	<u>1,665,129</u>	<u>14,874</u>
Consolidated total assets	<u>5,147,679</u>	<u>4,228,592</u>

As disclosed in note 3(d), following the adoption of TFRS 8 - Operating Segments from 1 January 2013, the Group has changed its policy for reporting information on operating segments.

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15 Income tax expense

Income tax recognised in profit or loss

<i>Nine-month period ended 30 September</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Current tax expense		87,909	97,654	12,508	19,258
Deferred income tax	9	<u>3,028</u>	<u>(18,355)</u>	<u>(4,945)</u>	<u>(759)</u>
Total income tax expense		<u>90,937</u>	<u>79,299</u>	<u>7,563</u>	<u>18,499</u>

The current tax expense in the consolidated and separate statements of comprehensive income are different from the amount determined by applying the Thai corporation tax rate to the accounting profit for the period principally because:

- (a) a significant portion of the Company's profit was derived from promoted activities which are not subject to tax.
- (b) of the different treatment for accounting and taxation purposes of certain items of income / expense, in particular, dividend income from subsidiaries, allowance for doubtful debts and allowance for obsolescence.
- (c) losses suffered by certain subsidiaries cannot be set-off against the profits of other subsidiaries for tax purposes.

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16 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the three-month and nine-month periods ended 30 September 2013 and 2012 was based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods, after adjusting the number of ordinary shares to reflect share split and the stock dividends as said in note 13. The prior period's basic earnings per share was recalculated retrospectively, as if the share split and the stock dividends were distributed since the beginning of reporting period as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Three-month period ended 30 September</i>	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company	<u>153,142</u>	<u>128,143</u>	<u>108,703</u>	<u>36,598</u>
Number of ordinary shares outstanding at 1 July	6,706	6,706	6,706	6,706
Effect of stock dividends for the existing shares	29,701	-	29,701	-
Effect of share split on the existing shares	691,728	721,429	691,728	721,429
Effect of shares issued on 17 July 2013	54	-	54	-
Effect of stock dividends for new shares	240	-	240	-
Effect of share split on new shares	5,599	-	5,599	-
Weighted average number of ordinary shares outstanding	<u>734,028</u>	<u>728,135</u>	<u>734,028</u>	<u>728,135</u>
Basic earnings per share (in Baht)	<u>0.21</u>	<u>0.18</u>	<u>0.15</u>	<u>0.05</u>
<i>Nine-month period ended 30 September</i>				
Profit for the period attributable to ordinary shareholders of the Company	<u>446,822</u>	<u>431,694</u>	<u>361,715</u>	<u>166,952</u>
Number of ordinary shares outstanding at 1 January	6,706	6,706	6,706	6,706
Effect of stock dividends for the existing shares	29,701	-	29,701	-
Effect of share split on the existing shares	691,728	721,429	691,728	721,429
Effect of shares issued on 17 July 2013	18	-	18	-
Effect of stock dividends for new shares	81	-	81	-
Effect of share split on new shares	1,887	-	1,887	-
Weighted average number of ordinary shares outstanding	<u>730,121</u>	<u>728,135</u>	<u>730,121</u>	<u>728,135</u>
Basic earnings per share (in Baht)	<u>0.61</u>	<u>0.59</u>	<u>0.50</u>	<u>0.23</u>

17 Dividends

At the meeting of the Board of Directors of the Company held on 13 August 2013, the directors approved the appropriation of interim dividends of Baht 0.07 per share, amounting to Baht 47.8 million. The dividends were paid to shareholders during September 2013.

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At the extraordinary general meeting of the shareholders of the Company held on 7 June 2013, the shareholders approved the appropriation of dividends of Baht 333.3 million divided into stock dividends amounting to Baht 300 million, which consisted of an increase in ordinary shares of 30 million shares with a par value of Baht 10 per share at the ratio of 1 existing share to 4.43 new ordinary shares, and cash dividends paid at Baht 4.92 per share, amounting to Baht 33.3 million. The dividends were paid to shareholders during July 2013.

At the annual general meeting of the shareholders of the Company held on 22 April 2013, the shareholders approved the appropriation of dividends of Baht 30 per share, amounting to Baht 201.2 million. The dividends were paid to shareholders during 2013.

At the meeting of the Board of Directors of the Company held on 27 March 2012, the directors approved the appropriation of dividends of Baht 14.6 per share, amounting to Baht 97.9 million. The dividends were paid to shareholders during 2012.

18 Commitments and contingent liabilities with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Contracted but not provided for:				
Land	141,120	-	141,120	-
Buildings and other constructions	69,211	82,407	69,211	75,632
Total	210,331	82,407	210,331	75,632
<i>Non-cancellable operating lease commitments</i>				
Within one year	28,029	29,673	9,216	5,616
After one year but within five years	17,258	33,819	11,316	9,828
Total	45,287	63,492	20,532	15,444
<i>Other commitments</i>				
Purchase orders for goods and supplies	32,299	106,537	32,299	106,537
Bank guarantees	151,673	74,420	151,673	74,420
Total	183,972	180,957	183,972	180,957

Operating lease agreements

The Group has various operating lease agreements for office and warehouse rental. The period of agreements is variable from 1-5 years.

Distribution and service agreements

The Group has entered into usually exclusive distribution and service agreements with third parties in various countries. The compensation for the distributors is variable and depends on the volume of business carried out. The compensation accruing to the Group is usually fixed and revised periodically. The agreements can usually be terminated within a year without the Group incurring significant obligations.

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Contingent liabilities

As at 30 September 2013, the Company had contingent liabilities with financial institutions to guarantee the Company's subsidiaries in respect of line of credit use for amounts up to Baht 732.5 million and U.S. Dollars 14 million (*31 December 2012: Baht 518 million and U.S. Dollars 4 million*).

19 Events after the reporting period

At the meeting of the Board of directors of the Company held on 30 October 2013, the Board of directors approved the appropriation of dividends of Baht 0.77 per share, amounting to Baht 565.5 million. The dividends were paid to shareholders on 4 November 2013.

On 4 November 2013, but before the issuance of the dividend payment to the shareholders, the Company received a dividend amounting to Baht 400 million from its subsidiary Mega Lifesciences PTY Ltd. On the same date, the Company obtained a loan from a financial institution amounting to Baht 565.5 million with a maturity of 18 months, bearing interest at 3 months (THBFIX) plus margin per annum, and granted a loan of Baht 400 million to its subsidiary Mega Lifesciences PTY Ltd., with a maturity of 1 year, bearing the same annual interest rate as the loan granted by the financial institution, for the purpose of paying the dividend to the Company.

On 8 November 2013, the Company obtained approval from the SEC for the listing of its shares on the Stock Exchange of Thailand.

20 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued as of the reporting date but are not yet effective. Those new and revised TFRS will become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 12 (revised 2012)	Income Taxes	2014
TFRS 4	Insurance Contracts	2016
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements – Disclosure	2014
TIC 32	Intangible Assets-Web Site Costs	2014

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Management expects to adopt and apply these new TFRS and interpretations in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new TFRS and interpretations and expects that there will be no material impact on the financial statements in the period of initial application.